

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Reserve
aHD1761
.S42
1923

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

July, 1923

Second Report

on

THE AGRICULTURAL OUTLOOK FOR 1923

U.S.D.A. NAT
AUG 16 2007
CATALOGING PREP

Contents

	Page
Second conference on outlook	1
Special pig report June 1	2
Wheat estimate of July 1	4
Report of the Committee on agricultural outlook	10
Report of sub-committee on	
Foreign demand	10
Domestic demand	13
Corn and hog situation	15
Wheat situation	18

SECOND CONFERENCE ON AGRICULTURAL OUTLOOK

At the first conference of statisticians and economists which met April 21, it was recommended that the Secretary of Agriculture call another such conference in July following the appearance of the special pig survey of June, and the estimates of the wheat crop for July, by the Crop Reporting Board. Following this suggestion a conference was called and assembled July 11 and 12, to consider the foreign and domestic demand for farm products; the wheat situation and the corn-hog situation. The group was divided into four sub-committees which prepared the reports which follow. The entire group together approved the Summary of the Agricultural Outlook which appears in the following pages.

THE UNIVERSITY OF CHICAGO

PHILIP H. KATZ

1954-1955

THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955
THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955
THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955
THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955
THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955
THE UNIVERSITY OF CHICAGO
PHILIP H. KATZ
1954-1955

which now prevails. This suggests that a further reduction in winter wheat acreage must be made before satisfactory prices are possible.

Significant changes have taken place in the European methods of purchasing our wheat. Before the war, wheat was bought in large quantities shortly after harvest either for immediate or forward shipment. Owing to the straitened financial conditions of European consumers and difficulties incident to fluctuating exchange there has developed a tendency to purchase more largely on a hand-to-mouth basis. This increases dependence upon American storage and financing facilities and suggests the necessity of action upon the part of producers, bankers and handlers looking toward a more gradual movement from the farms to meet the new methods of foreign purchase.

Committee: F. J. Ebersole, Chairman
B. W. Snow
W. E. Grimes
H. E. Anderson

Wheat Acreage Planted
Increase and decrease 1909-1913 to 1923 (000 omitted)

1923		1923	
State	Increase (-)	State	Increase (-)
	Decrease (-)		Decrease (-)
Me.	+ 7	S. Dak. :	- 774
Vt.	+ 7	Neb. .. :	+ 372
N. Y. .. :	+ 103	Kan. .. :	+5,408
N. J. .. :	- 11	Ky. ... :	- 136
Pa.	+ 37	Tenn. :	- 265
Del.	- 11	Ala. .. :	- 5
Md.	- 59	Miss. . :	- 1
Va.	+ 100	Tex. .. :	+ 968
W. Va. . :	+ 3	Okla. . :	+2,085
N. C. .. :	+ 11	Ark. .. :	- 6
S. C. .. :	+ 104	Mont... :	+2,594
Geo.	+ 83	Wyo. .. :	+ 103
Ohio ... :	+ 407	Colo. . :	+1,506
Ind. ... :	- 112	N. Mex. :	+ 87
Ill. ... :	+1,013	Ariz. . :	+ 20
Mich. .. :	+ 79	Utah .. :	+ 43
Wis.	- 34	Nev. .. :	- 12
Minn. ... :	-2,302	Idaho :	+ 606
Iowa ... :	+ 164	Wash. ... :	+ 254
Mo. :	+ 799	Ore. :	+ 343
N. Dak. :	- 155	Calif. :	+ 323
United States		+ 13,744	

	<u>Pre-war</u> <u>1909-1913</u>	<u>War peak</u> <u>1918-1919</u>	<u>1923</u>
United States	47,097	67,437	58,253
Canada	9,945	18,240	22,165
Argentina	15,799	17,425	16,081
Australia	6,798	8,882	9,804
India	<u>29,043</u>	<u>29,642</u>	<u>30,492</u>
	108,682	141,626	136,795

These five exporting countries are growing 28 million more acres of wheat in 1923 than they grew in the pre-war period 1909-1913. This considerably more than replaces the pre-war exports from Russia and the Danube.

The five principal importing countries of Europe, namely, United Kingdom, Italy, Germany, France and the Netherlands, whose average pre-war acreage, 1909-1913 was 34 million 500 thousand are now growing about 31 million acres, having recovered from the low point of 26 million acres reached during the war.

Preliminary reports from the Argentine and Australia indicate an acreage now being seeded at least equal to that of a year ago. The Canadian acreage is now far beyond the wartime figure and will probably continue to increase with the further development of the Prairie provinces.

The winter wheat acreage of the United States abandoned in 1923 was 14.3% of the area seeded as compared with the 1913-1922 ten-year average abandonment of 9.8%. If the abandonment this year had been no more than the ten-year average, the wheat harvested would be increased by more than two million acres. This would make the areas harvested only slightly less than that of last year, indicating that much of the reduction in area to be harvested in the United States in 1923 is due to weather conditions rather than the voluntary reduction of acreage on the part of producers. The area seeded to wheat in the fall of 1922 was 46,069,000 acres and has been exceeded but twice, 47,611,000 acres being seeded in the fall of 1921 and 51,483,000 acres in the fall of 1918. When compared with the five-year pre-war average (1909-1913) of 32,088,000 acres seeded, the decided expansion (14 million acres) in winter wheat is very significant.

The expansion in the wheat area of the chief exporting countries, coupled with the decreased buying power of Western Europe, is responsible for the price situation

Total supply for the year 969,882,000-bu.
made up as follows:

Stocks on farms July 1, 1922	32,359,000
Stocks in local mills and elevators	28,631,000
Commercial visible (Chicago Board of Trade)	17,700,000
Stocks of flour (in terms of wheat)	7,461,000
Imports, including flour to June 30	21,640,000
Crop of 1922	<u>862,091,000</u>

Total supply 969,882,000

Distribution:

Estimated seed requirements	83,537,000
Feed and loss (2% of crop)	17,242,000
Exports July 1 to June 30	222,000,000
Carryover July 1, 1923:	
On farms	35,634,000
In local mills and elevators	36,458,000
Commercial visible (Chgo. Board Trade)	26,000,000
Flour (in terms of wheat)	<u>8,500,000</u>
Total	453,571,000
Disappearance	<u>516,511,000</u>

Total accounted for 969,882,000 bu.

Owing to the world war there was an enormous increase in the wheat acreage of the world outside of Russia, and the Danubian countries.. Before the war, Russia, Rumania and Bulgaria exported more than 200,000,000 bushels of wheat annually, or about thirty per cent of the total wheat exported by exporting countries. Owing to the isolation of these sources of supply during the war, wheat acreages in the other principal exporting countries, namely the United States, Canada, Argentina and Australia, greatly increased. The average acreage for the two years 1918 and 1919 was 142 million acres compared with 109 million acres in the five pre-war years, 1909-1913 or an increase of about thirty per cent. Since the war the total acreage in these exporting countries has decreased very slightly, being 137 million acres in 1923 as shown by the following table:

year, or a decrease of 12 million bushels. These countries are now seeding for next winter's harvest, and the best available information indicates that the acreage will be approximately the same as last year.

While European production is estimated as higher than in 1922, it should be borne in mind that the 1922 production was 200 million bushels less than in 1921, so that the increase this year which is now forecasted is not likely to bring Europe's production up to the total of two years ago. It is to be noted that in spite of this deficiency in production in Europe, amounting to 200 million bushels, European imports have been increased by not more than 50 million bushels during the year just closed. This difference between crop deficit and increased imports apparently has been made up by, first, greater rye and potato consumption, second, closer milling extraction, and third, by a probable reduction of European wheat stocks.

Reports of Russian wheat acreage are numerous and conflicting but the best available estimates indicate that the 1923 areas of wheat and rye are only about one-half of the pre-war areas of these crops, whereas the population of Russia is about two-thirds of the pre-war population. With normal pre-war consumption this would admit of little or no export. Lack of farm animals, machinery and fertilizer, together with poor transportation, are factors that indicate that Russia will not export grain in large quantities in the immediate future.

An analysis of the domestic wheat situation indicates that the disappearance of wheat in the United States has decidedly increased during the year just passed compared with the disappearance the previous year, the disappearance having increased from about 454 million bushels to 517 million bushels this year. The average disappearance 1911-12 to 1920-21 was 501 million bushels.

Details of this analysis are as follows:

The net exports from the United States of wheat and flour for the year ending June 30, 1923, were about 200 million bushels compared with 262 million bushels for the previous year and a pre-war average annual net export of 100 million bushels.

For Canada for the eleven months ending June 1, the exports were about 249 million bushels compared with 165 million bushels for the same period the preceding year, or an increase of 84 million bushels. The pre-war five-year average exports from Canada were 90 million bushels. The total exports from the United States and Canada in 1922-23 have been, therefore, about 22 million bushels more than for the preceding year.

The total stocks of wheat in the United States, including farm stocks, local mills and elevators, and commercial visible, as of June 30, are estimated to be 98 million bushels compared with 78,700,000 bushels a year ago, or an increase of about 19 million bushels, while the Canadian visible stocks as reported are nearly 5 million bushels less, leaving an increase in stocks for North America of about 14 million bushels.

The total acreage of wheat in 11 countries in Europe this year, representing about 83 per cent of the 1922 acreage harvested in Europe, exclusive of Russia, is reported at 52,180,000 acres compared with 51,440,000 acres a year ago, with a total production this year roughly estimated from present crop conditions of 933 million bushels, compared with 821 million bushels last year, or an increase of 118 million bushels. The total wheat crop in Europe last year was about 200 million bushels below the previous year. In North Africa the production in four countries is estimated from present conditions at 96 million bushels compared with 71 million bushels last year, or an increase of 25 million bushels. In India and Japan, the production is estimated at 428 million bushels compared with 394 million bushels a year ago, an increase of about 34 million bushels.

The increase in production this year in the Northern Hemisphere, exclusive of Russia, is now estimated at around 136 million bushels. The final outturn of the crop, much of which is still growing, may be considerably less than this figure, and possibly, with favorable weather conditions, somewhat more.

The crop harvested in Argentina and Australia last winter was reported to be approximately 298 million bushels compared to 310 million bushels the preceding

employment of labor has supported the pork market far beyond what one might have expected on the basis of the heavy hog production, and there is no suggestion of a serious reduction of employment conditions before the last of the 1922 pig crop is marketed.

The Future Outlook

While the foregoing situation indicates that the last of the 1922 hog crop will be readily absorbed by the present market due to the favorable industrial conditions and full employment of labor, the selling of this year's pig crop at a price on a level with the crop of 1922 is more problematical, and will depend on the continuance of active employment of labor and a favorable condition of the European market. The maintenance of the very heavy rate of hog production of the past year does not seem to be warranted by the corn situation.

Committee: H. A. Wallace, Chairman
E. N. Wentworth
F. A. Pearson
E. G. Hourse

4. COMMITTEE ON THE WHEAT SITUATION

The best data available indicate a current wheat crop for the northern hemisphere moderately larger than that for 1922 for the same territory. The increase represents only a small percentage and might be wiped entirely out or increased by later developments in North American spring wheat or in the 1923-24 coming harvests in Australia and Argentina. On the other hand the carry-over stocks for both importing and exporting countries are apparently not greatly changed from last year.

The estimated production of wheat in the United States in 1923, based on July 1 condition, is now placed at 821 million bushels, compared with 862 million bushels produced last year, or a decrease of 41 million bushels. The pre-war average production, 1909-13, was 630 million bushels.

The Canadian crop last year was approximately 400 million bushels. Information from reliable sources, including private crop reports, indicates the production this year may range from considerably below last year's production to somewhat above it. The average pre-war production of Canada was 197 million bushels.

general import trade has been very "spotty," the present inactivity may prove unimportant. On the other hand, Germany to a large degree, and Belgium, the Netherlands and Cuba to a lesser degree, have taken greater volume of lard than at any time during the post-war years. During the first five months of 1923 a total of 823 million pounds of pork products moved out of the United States, which is approximately two and one-half times the average of the corresponding months of 1903-1913, and one-fourth greater than the average of the war period, 1914-1918.

Good Domestic Demand for Pork

At the time of this meeting the figures on total cold storage holdings of July 1 are not available. On June 1, there were in public cold storage warehouses and in packing establishments, 906 million pounds of pork as compared to 636 million pounds June 1, 1922, (a year notable for its light stocks) and also as compared to an average of 879 million pounds for the five years, 1918-1922, inclusive. That there was a reasonable reduction in these stocks by July 1 is evidenced by the fact that holdings in seven principal western cities declined from 372 to 355 million pounds, or 4.6 per cent. Since in spite of a 30 per cent increase in hog marketings, the total stocks of the country were only 3 per cent above the last five-year average on June 1, there seems to be nothing seriously alarming in the pork storage situation.

Lard is even more encouraging. On June 1 the stocks on hand were 85 million pounds, while the total on June 1, 1922, was 124 million pounds and the five-year average, 1918-1922 inclusive, was 129 million pounds. In the face of the large number of hogs as compared to the corn crop and the probability that this will result in thin hogs, the lard outlook is quite favorable.

Based on Federal inspected slaughter for the first five months of 1923 the excess of consumption over the same period in 1922 is apparently 28 per cent. From the per capita standpoint our population has already eaten 5.2 pounds more than in the same months of 1922, and if this advantage is even reasonably maintained we may expect the annual per capita figure to approach 85 pounds, an amount exceeded only once in the history of Federal meat inspections (fifteen years ago).

This heavy consumption may be expected without a further serious decline in prices, since the active

utilize the large surplus of cheap corn, hog production has been greatly expanded. This increase in hog production has now cleaned up the unusual surplus with the result that the stocks of 1922 corn on farms at present are about the prewar average and corn prices have recovered from their extremely low point. Present prospects are for a normal 1923 corn crop.

In view of probable continued heavy hog production and barring either an unusual cholera outbreak or a marked improvement in the corn crop prospects during late July and August, a corn shortage may develop by the summer of 1924.

Hog Prices Low in Terms of Corn

The history of the past fifty years indicates that there is a rough general tendency toward over production and under production of hogs in cycles of about two years from the high point to the low point and two years from the low to the high. From the fall of 1920 until the fall of 1922 hog prices were high in terms of corn. This high corn-hog ratio stimulated heavy breeding with the results that hog prices fell until now they are 25 per cent below their 50-year ratio with corn. From the spring of 1922 to the mid-summer of 1923 the corn-hog ratio declined from approximately 18 to 8 bushels. In spite of this sharp decline during the past year heavy breeding has continued with the prospect that the unfavorable corn-hog ratio of the past six months will last into 1924.

Unexpected Volume of Foreign Trade

Our export trade takes approximately 10 per cent of our total production of pork products. During the first five months of 1923 the European nations have taken a decidedly larger percentage of our pork products at a higher price than would have seemed probable last January. England and Germany still remain our principal customers, with relatively large quantities going to Belgium and the Netherlands. Should Great Britain keep up the rate of bacon, ham and shoulder imports she maintained during the first five months of 1923, our exports to her during the year would be slightly in excess of 1922. Her imports of lard, however, have decreased. There has been a lessening in her demand the last few weeks that throws doubt as to what her totals for the year will be. Since her

representing other commodities. The chances are that this situation has generated off-setting forces tending to drive these prices back toward their former relative positions, thus improving the position of the farmer. Among such forces is the migration of agricultural population to the city. There has recently been a distinct acceleration in this movement. This movement will, in the long run, add to the urban demand for foodstuffs and will eventually lessen the supply of farm produce, thus tending to establish a more normal relationship between agricultural and other prices.

Committee: Carl Snyder, Chairman
W. I. King
W. W. Stewart

3. COMMITTEE ON THE CORN - HOG SITUATION

Heavy Hog Production

From November 1, 1922 to July 1, 1923 more hogs were marketed than in any other like period in history, -- 30 per cent above the corresponding period the previous year and 60 per cent above the corresponding period for 1909-13. This unusually heavy marketing reflected the large number of pigs farrowed in the spring of 1922.

The special government hog report of June 1 indicates that in the spring of 1923 there was one per cent more spring pigs saved in the entire United States than there were in 1922; while in the corn belt there were 6 per cent more spring pigs saved. Furthermore the report indicates that the farmers have bred sufficient sows to increase materially their number of fall pigs over the very large fall pig crop of a year ago. However, recent developments may cause farmers to market during July and August a considerable number of sows bred for fall litters.

Corn Surplus Wiped Out

The corn crops of the past three years have been unusually heavy and the price has been very low. To

to meet world conditions and as a result agriculture has not generally shared in the marked recovery of 1922-23 in this country. There is no need to dwell upon this point. Obviously farm products have been affected by other forces than those of domestic demand. It seems clear that the home demand has been near to if not at a maximum. We can scarcely consume more of wheat and meat and other farm products than we have in the last year or more. The farmer can hardly now expect any immediate increase in the domestic demand.

But with the present full volume of employment and high wages, there seems to be an excellent prospect for large buying by the ultimate consumer and a strong domestic demand for farm produce. Furthermore, our credit position appears unusually strong and more than equal to any demands which may be made upon it in the crop-moving season. There is no present prospect of any money stringency, nor of a rise in interest rates sufficient to affect business or the farmer unfavorably.

But the bane of the farming industry is that it cannot, or does not, like factory production, adjust itself quickly and easily to the ever changing economic situation. The war brought a great stimulus to farm production and that effect still survives.

The figures collected by the Bureau of Agricultural Economics show strong correlation between the prices of some types of farm produce, such as hogs, and the average prices of commodities at wholesale. This being the case it follows that the prosperity of the farmer is not distinct from that of the urban dweller.

The domestic demand has been very heavy. Should a depression develop during the next year or two in urban industries it follows then that the farmer will feel the effects to some extent. But probability of a severe depression in the near future seems to be slight. Any lessening in the industrial activity that may occur will, however, doubtless be accompanied by a reduced demand for choice cuts of meat, early vegetables, and more expensive fruits, milk, butter, etc. On the other hand it will not decrease but may even increase the demand for the cheaper grades of food.

While it is probable that there may be a somewhat lower demand for expensive foodstuffs within the next year or two, it does not necessarily follow that we are to expect a sharp decline in the average prices for farm products, the reason being that available data clearly show that supply as well as demand has a great influence upon farm prices. During the last five years certain forces have combined to increase the supply so that the price level of farm products has been kept below that

An additional factor adverse to European buying power is of course the necessity which the British Government is under of making large remittances to meet interest and amortize the principal of her debt to the United States Government - a factor which did not exist during the calendar year 1922.

Unless the Ruhr situation is very speedily cleared up and a definite turn for the better takes place in Europe, it appears highly probable that Europe will have less buying power in our markets during the next crop year than she had during the last.

Committee: H. G. Moulton, Chairman
B. M. Anderson, Jr.
H. W. Moorhouse
G. F. Warren

2. COMMITTEE ON DOMESTIC DEMAND

In considering the relation of the American farmer to the present business situation, two facts stand out clearly. The first is that here in the United States we have had a very high level of industrial activity, distribution and consumption. With certain exceptions there is little evidence thus far of any considerable accumulation of goods, either on the shelves of merchants or in the hands of jobbers and producers; and the facts as to the high level of production are clear.

Within the last twelve months, the general level of prices, as reflected in the indices of commodities at wholesale, has been fairly stable, a rising tendency characterizing the early period and a declining tendency the last few months. But this latter might be no more than an indication of the fact that activity in some especial lines had been very heavy and could scarcely be expected to continue at these levels indefinitely. We may recall that there was just such a halt in trade, and some recession in prices, in the summer of 1919.

The second fact is that throughout this period of great prosperity, the prices of most farm products, with the exception of cotton, and latterly of corn, have been abnormally low. The farmer in the marketing of his product has had much more than the manufacturer

The Purchasing Power of Europe

Europe's purchasing power will depend upon the volume of her exports; the amount of her earnings on investments abroad, on shipping and other services and upon credits extended to her export and import account. The United States continues to have a favorable balance with Europe, i. e., we export more goods to Europe than we receive from her. Our unfavorable balance of trade in recent months has grown out of an excess of imports from countries other than Europe. The balance against Europe, however, has diminished moderately. Imports from France, Germany, Italy, the Netherlands and the United Kingdom were \$325,500,000 in the first four months of 1923 against \$214,900,000 in the first four months of 1922. The first four months of 1922, however, were months of great dullness in business while the first four months of 1923 were months of very intense business activity. A comparison of the first four months of 1923 with the last four months of 1922 shows a gain in imports from Europe of only \$30,200,000.

In view of the probability that the current recession in business in the United States will diminish imports from Europe somewhat, and in view of the acute Ruhr situation, it is not probable that the rest of the year 1923 will show any gain for Europe in goods shipped to the United States. The increase manifest in the figures given above is in considerable part due to rising prices rather than to increased quantities. The difficulty appears to be quite as much in the shortage in European production of manufactured goods as it is in our own reluctance, manifested in our tariff laws, to receive European imports.

When other means of making payments for American foodstuffs are considered, the situation looks even less promising. We received less gold net in the first five months of 1923 than in the first five months of 1922. The balance on shipping moved moderately in Europe's favor. Passports issued to tourists in the first six months of 1922 were 94,494, but only 80,787 were issued in the corresponding months of 1923. There is no evidence that immigrants' remittances have increased in 1923. Various other minor items show no gain for Europe. Moreover, the total of foreign loans placed in the American market in 1923 to date is very decidedly less than the total for the corresponding period in 1922 and this item is of such great importance as to more than offset any gains Europe might have elsewhere.

acres in 1920, and then rose again to 60,000,000 in 1922. Eleven countries that harvested 48,000,000 acres in 1920 and 51,449,000 acres in 1922 have reported 52,180,000 acres for 1923. Moreover crop conditions are much more favorable this year. Revival of production in Europe is much more manifest in agriculture than in manufacture.

Competition of Other Food Producing Regions

During the World War agricultural production in Europe was reduced while the output in several other countries was increased. For example, the total wheat area in the United States, Canada, India, Australia and Argentina was 116,000,000 acres in 1913 as against 137,000,000 in 1923.

Increased production in these regions has more than offset the decline of production in Russia. There is no evidence to show that the competition of these areas will be less this year than last.

In estimating the probable demand for American foodstuffs it is important to bear in mind that adverse economic conditions may seriously reduce the consumption even of essential foodstuffs. For example, German consumption of important foodstuffs in the present area of Germany, in 1913 and 1922, compared as follows:

Foodstuffs :	1913 :	1922 :	:As percentage :of 1913 total
:	:	:	:
WheatBu.	222,333,908:	122,906,449:	55
Winter spelt:	24,140,570:	6,227,935:	26
Rye Bu.	576,002,402:	227,231,271:	60
Barley .. "	288,067,735:	85,979,401:	30
Oats"	583,047,806:	282,533,269:	48
Potatoes "	1,619,388,315:	1,407,841,970:	93
:	:	:	:

There is here evident a shifting from bread to potatoes. The extent of this shift is greater than the figures indicate, since less potatoes are fed to hogs and more are reserved for human consumption. A similar shift is being made in many other countries of Europe.

COMMITTEE REPORTS

on

THE AGRICULTURAL OUTLOOK

July 12, 1923

Reports of Committees on:

- | | |
|--------------------|---------------------------|
| 1. Foreign demand | 3. The Corn-Hog Situation |
| 2. Domestic demand | 4. The Wheat Situation |

1. Committee on Foreign Demand

From the point of view of American agriculture, foreign demand is practically identical with European demand. European countries constitute the only significant markets for American agricultural products.

It needs to be emphasized at the outset that demand is not measured solely by the volume of exports. Since the year 1920 Europe has purchased very large quantities of American wheat and meat, but this does not mean that the European demand for such commodities has been an intense demand, regardless of price. The truth is that Europe would and could take large quantities of American wheat only provided the price was relatively low. In studying demand we are therefore concerned both with European requirements for food and European ability to purchase the food required at prices satisfactory to American producers.

Three primary factors will determine European demand this year for American foodstuffs: (1) The essential food requirements which depend in part upon crop conditions in Europe; (2) the competition of other food-producing areas with the United States and (3) the purchasing power of Europe.

European Production of Food Stuffs

The European nations are gradually approaching their prewar level in agricultural production, especially importing nations which are endeavoring to make themselves independent of outside food supplies. Twenty-one countries that in 1909 to 1913 harvested an average of 67,000,000 acres of wheat decreased to 58,000,000

wheat grower should take the first positive step this fall to adjust the winter wheat acreage in accordance with this situation. There has been some reduction in the winter wheat acreage of the United States due to adverse weather conditions rather than to a change of planting policy on the part of the producers. However, the expansion remains about 14 million acres above the pre-war average.

The best data available indicate a current wheat crop for the northern hemisphere moderately larger than that for 1922 for the same territory. On the other hand, the carryover stocks for both importing and exporting countries are apparently not greatly changed from last year. The increase represents only a small percentage and might be wiped out entirely or increased by later developments in North American spring wheat or in the 1923-24 coming harvests in Australia and Argentina. Russia will not export grain in large quantities in the immediate future.

The facts that have been presented in this summary of the world agricultural outlook are well known in the trade and have been discounted in the markets.

The statistics in this report were assembled by the Department of Agriculture.

Committee:

H. G. Moulton, Institute of Economics, Washington, D.C.
 B. M. Anderson, Jr., Chase National Bank, New York City
 H. W. Moorhouse, American Farm Bureau Federation, Chicago
 George F. Warren, Cornell University, Ithaca, N. Y.
 Carl Snyder, New York Federal Reserve Bank, New York City
 W. I. King, National Bureau Economic Research, New York
 W. W. Stewart, Federal Reserve Board, Washington, D. C.
 J. F. Ebersole, Federal Reserve Bank, Minneapolis.
 B. W. Snow, Bartlett-Frazier Co., Chicago.
 W. E. Grimes, Kansas Agricultural College, Manhattan, Kansas
 Hilding E. Anderson, Case, Pomeroy Co., New York City.
 H. A. Wallace, Secretary, Corn Belt Meat Producers Association, Des Moines.
 E. W. Wentworth, Armour & Company, Chicago.
 F. A. Pearson, Cornell University, Ithaca, New York.
 E. G. Nourse, Iowa Agricultural College, Ames, Iowa.

corn crops of 1920, 1921, and 1922. Unless there be a marked improvement in the 1923 corn crop, and in view of probable continued heavy hog production, a corn shortage may develop by the summer of 1924.

The corn-hog ratio declined from 18 to 8 bushels from the spring of 1922 to the mid-summer of 1923. It is now 25 per cent below average, and from present indications a ratio unfavorable to hogs will last into 1924.

During the first five months of 1923 the European nations have taken a decidedly larger quantity of our pork products at a higher price than seemed probable last January. In addition, favorable industrial conditions in the United States have resulted in the consumption of an unusually large quantity of pork at home which limited the decline.

The ability of the American public to continue the consumption of such large quantities of pork products without a serious price decline from the present level depends upon the maintenance of favorable industrial conditions.

Neither the corn situation, the prospective European demand, nor the domestic industrial outlook warrants the maintenance of the very heavy hog production of the past year.

THE WHEAT SITUATION

The expansion in the wheat area of the chief exporting countries coupled with the decreased buying power of western Europe is responsible for the price situation which now prevails. This committee is less impressed with the immediate wheat supply situation than it is with the future possibilities in case present exporting countries fail to readjust their acreage to offset increasing bread grain production in Europe.

Owing to the world war there was an enormous increase in the wheat acreage of the five principal exporting countries of the world outside of Russia and the Danubian countries. Since the peak of war production these exporting countries have decreased their acreage very slightly and are now growing 28 million more acres of wheat than the pre-war average. In view of the long-time prospects of the return of Russia and the Danubian countries as factors in the world trade, as well as the increase in other exporting countries mentioned above, the American winter

has been near to if not at a maximum. We can scarcely consume more of wheat and meat and other farm products than we have in the last year or more. The farmer can hardly now expect any immediate increase in the domestic demand. But with the present full volume of employment and high wages, there seems no prospect during the remainder of 1923 for a decrease in domestic demand for farm produce.

Furthermore, our credit position is unusually strong and more than equal to any demands which may be made upon it in the crop moving season. There is no present prospect of any money stringency, or a rise in interest rates sufficient to affect business or the farmer unfavorably.

Changes in general business conditions affect the domestic demand for various agricultural products in differing degrees. Should a depression develop in urban industries it follows, then, that the farmer will feel the effects to some extent. However, the probability of a severe depression in the near future seems to be slight. Any lessening in the industrial activity that may occur will, however, doubtless be accompanied by a reduced demand for choice cuts of meat, early vegetables, the more expensive fruits, milk, butter, etc. On the other hand, it will not decrease but may even increase the demand for the cheaper grades of food.

During the last five years certain forces have combined to increase the supply so that the price level of farm products has been kept below that of prices for other commodities. This situation has generated offsetting forces tending eventually to restore the former equilibrium, thus improving the position of the farmer. Among such forces is the migration of agricultural population to the city. There has recently been a distinct acceleration in this movement. This movement will, in the long run, add to the urban demand for foodstuffs and will eventually lessen the supply of farm produce, thus tending to establish a more normal relationship between agricultural and other prices.

The Corn-Hog Situation

Marketings of the 1922 spring pig crop (just completed) were 30 per cent above the 1921 crop and 60 per cent above the prewar. From the indications of the special government hog report of June, the 1923 crop is fully as large as last year and there are prospects of continued heavy hog production well into the summer of 1924. This heavy hog production has wiped out the unusual corn surpluses resulting from the three large

SUMMARY OF THE AGRICULTURAL OUTLOOK

The committee of economists and statisticians called by Secretary of Agriculture Wallace to consider the foreign and domestic demand for farm products, and particularly the wheat, corn and hog situation, issued the following report Thursday, July 12.

Foreign Demand

The foreign demand for American foodstuffs during the current marketing season will apparently not be as great as it was a year ago. Unless the foreign situation is very speedily cleared up and a definite turn for the better takes place in Europe, it appears not improbable that Europe will have less buying power in our markets during the next crop year than she had during the last. It needs to be understood that foreign demand is not measured merely by volume of exports. The price at which this demand will be forthcoming is the important consideration.

The principal reasons for the probable reduction in foreign demand are: First, European food production is somewhat larger than last year, due principally to much more favorable crop conditions this year than last, while there is no apparent decline in the output of producing regions that compete with the United States for the European market.

Second: Europe's purchasing power this year is likely to be somewhat smaller than last year. While manufactured exports for the first half year have been appreciably larger than a year ago, the prospect for the second half year is less favorable. There has developed a slight recession of business in leading commercial countries, and the foreign situation has lately been producing serious economic consequences. European earnings from shipping and other services show little improvement; while credits extended to European countries are much below those of a year ago.

Domestic Demand

In the United States we have had a very high level of industrial activity, distribution, and consumption. With certain exceptions, there is little evidence thus far of any considerable accumulation of goods; either on the shelves of merchants or in the jobbers and producers' hands; and the facts as to the high level of production are clear. It seems clear that the home demand

compared with \$1.026 per bushel July 1, 1922. The average price of No. 2 red wheat at Chicago at \$1.16 for June was the lowest since September, 1922, when it was \$1.06, having reached \$1.35 as the February average price, and was only 4 cents a bushel above the five year pre-war average price (\$1.12 for June, 1909-13). The high June price for that grade was \$2.89 in June, 1920.

	<u>Winter Wheat</u>	<u>Spring Wheat</u>	<u>All Wheat</u>
Acreage 1923	39,750,000	18,503,000	48,253,000
Per cent of 1922	94.4	94.9	94.5
Condition July 1, 1923	76.8	82.4	78.3
July 1, 1922	77.0	83.7	78.9
10 year average	81.4	85.1	82.6
Total production (000,000 bu)			
1923 July forecast	586	235	821
1922 Dec. Estimates	586	276	862
Average 1917-21	590	245	835
Yield per acre (bushels)			
1923 July forecast	14.8	12.7	14.1
1922 Dec. Estimates	13.9	14.1	14.0
Average 1917-21	14.9	11.5	13.7
Farm price per bushel			
July 1, 1923	not given separately		95.1
July 1, 1922	_____		102.6

July 1 condition of winter wheat was below the 10 year average condition in five of the 10 heaviest producing states: Kansas (16 points); Nebraska (11 points); Ohio (10 points); Oklahoma (4 points); Pennsylvania (6 points); and above average condition in five: Ill. (3 points); Missouri (2 points); Indiana (4 points); Washington (13 points); Oregon (6 points).

July 1 condition of spring wheat was below the ten year average condition July 1 in North Dakota (14 points); and Minnesota (4 points), and above average in Montana (3 points); South Dakota (2 points) and Idaho (7 points), these being the five states of heaviest production in 1922.

Stocks of wheat on hand were relatively lowest in Washington, Idaho, Oregon, Oklahoma, Illinois and Missouri.

Note: Full details of the July 1 reports relative to wheat are published in tables in Weather, Crops and Markets for July 14, 1923.

36.3 per cent, and for those east of the Mississippi, 25.2 per cent. The total inspected slaughter during the same months this year increased 30.5 per cent.

With the increase of 8.0 per cent in number of sows farrowing this spring and assuming that the number slaughtered on farms, and those sold for local city and town slaughter was about the same for the past two years, the increase in the spring crop over the spring of 1921 in the Corn Belt was about 23.0 per cent. The indication from the survey of last June, of sows farrowing last spring, was therefore approximately correct, while the number of pigs saved was greater than indicated.

On the basis of the results of the present survey, provided that the mortality is no greater from now on than it was last year, it would seem that the commercial market supply of hogs, over four-fifths of which comes from the Corn Belt, from the spring crop of 1923, should be about as large as that from the spring crop of 1922, the movement of which, with the exception of sows retained for breeding, is now ended. If expressed intentions as to fall breeding are carried out, even to the proportional extent of last year, the fall crop of this year, which will be marketed next summer, will be larger than that of last, both in the corn belt and in the country as a whole. On the other hand, it appears that there has been a considerable falling off in the spring crop in the rest of the country and especially in the South, where cotton is apparently replacing some of the corn and peanuts.

WHEAT ESTIMATES OF JULY 1, 1923

The 1923 wheat crop is forecast at 821,000,000 based on reports of the Crop Reporting Board, United States Department of Agriculture, on July 1. A crop of that size is 41 million bushels less than the production of 1922 and 14 million bushels less than the five year average production for the years 1917-21. The decrease is mainly on spring wheat.

The acreage is slightly more than 5% less than last year's acreage. Condition of winter wheat on July 1 was better than on June 1, but spring wheat condition was not so good. Both wheat crops were below the 10 year average condition on July 1. Stocks of wheat on farms July 1, are reported as 35,634,000 bushels or 4.1 per cent of the 1922 crop. Only 8 times in the last 29 years has the proportion of the crop still on farms July 1 been smaller than this year. The quantity is about 3 million bushels larger than last year. The farm price per bushel July 1 was 95.1 cents per bushel

1/ Spring periods covered are Dec. 1, 1921, to June 1, 1922, and Dec. 1, 1922, to June 1, 1923.
2/ Fall periods covered are June 1, 1922, to Dec. 1, 1922, and June 1, 1923 to Dec.

Department points out, however, that last year the actual farrowings ran less than the intention to breed. Producers in the Corn Belt States in June, 1922, expressed an intention to increase fall breeding 49.3%, but the actual increase in farrowings was 27.8%. In December, they expressed an intention to breed 15.6% more sows for spring pigs, but the actual increase in sows farrowing in the spring was 8%. For the United States, the December intention was 13.1%, but the actual farrowings were 3.9% greater.

The increase in spring pigs this year is due to increases in the Corn Belt and western States amounting to 5.8% in the former and 17.9% in the latter.

Some of the important cotton States show marked decreases, notably Texas with a decline of 23%, Louisiana 21%, and Alabama 18%.

While the increase this spring in the number of pigs saved was less than 1% for the United States and less than 6% for the Corn Belt States, the number of sows farrowing showed an increase of 3.9% over last year for the United States and 8% for the Corn Belt States. Losses in spring pigs were considerably heavier than last year.

Of the total number of swine on farms, 136 per thousand were sows that farrowed this spring and 86 were reported as intended to be bred for fall farrowings. It is estimated that on June 1 there were on farms for every thousand hogs 296 hogs over 6 months of age that could be marketed during the period between June 1 and the fall and winter run of spring pigs, less the mortality that may occur during this period, and less old sows held over for breeding for the 1924 spring crop. Comparable data for last year are not available.

A tendency to increase fall breeding proportionately more than spring breeding has been evidenced both by the market receipts and farm reports for the past two years, especially in the Corn Belt.

The spring crop of pigs in 1922 in the Corn Belt was probably the largest ever raised up to that year, as was likewise the total pig crop of 1922. The survey of June, 1922, indicated in the Corn Belt States an increase in litters farrowed in the spring of 1922, over the spring of 1921, of 22.8% and an increase in pigs saved of 14.5%.

Marketings from the Corn Belt States during the seven months, starting in October and November, 1922, during which practically all of the spring crop, except pigs retained for breeding, was marketed, showed an increase of 32.5% over the marketings of the 1921 spring crop. The increase for the Corn Belt States west of the Mississippi River was

